

# GHOSH KHANNA & CO.

CHARTERED ACCOUNTANTS

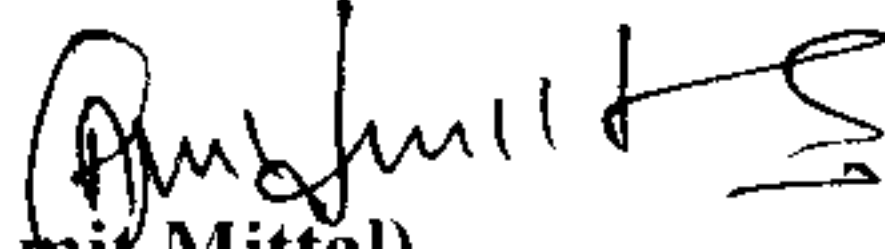
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## TO WHOMSOEVER IT MAY CONCERN

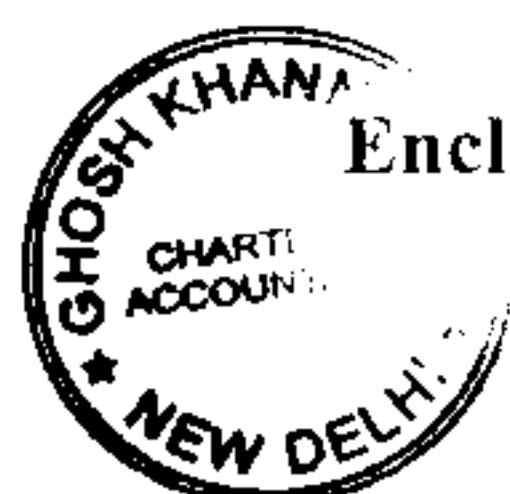
This is to certify that the figures in foreign currency in the annual report of **NIIT Antilles NV** for the financial year ended on 31<sup>st</sup> March, 2011, audited by us and enclosed as Annexure A have been converted into INR equivalents as per Indian GAAP on the following basis:

S. No.	Particulars	Exchange Rate
1.	Share Capital	Exchange rate at the date of allotment of Shares
2.	Reserves & Surplus	Opening Balance: from previous year's INR Balance Sheet Closing balance: being arrived at by adding the profit / (loss) for the year from the INR Profit and Loss Account
3.	Investment in Subsidiary (s)	Exchange rate at the date of Investment in subsidiary (s)
4.	Other Balance Sheet Items	Exchange Rate as on 31 <sup>st</sup> March 2011 i.e. 1 USD = 44.4000 INR
5.	Item falling under Profit and Loss Account	Profit and Loss Account has been converted using the conversion rate of exchange at the date of transaction.

For Ghosh Khanna & Co.  
Chartered Accountants

  
(Amit Mittal)  
Partner  
Membership No.508748

Place: New Delhi  
Date: 4<sup>th</sup> May 2011



Encls: Annexure A: Audited Balance Sheet  
Annexure B: Converted Balance Sheet

### **Branches:**

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## NIIT Antilles NV

## Balance Sheet as at 31st March 2011

	Schedule No. / (Note Reference)	As at 31st March 2011 INR	As at 31st March 2010 INR
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	1,644,127,480	1,644,127,480
<b>NET DEFERRED TAX LIABILITIES</b>		2,700,191	2,123,685
		<b>1,646,827,671</b>	<b>1,646,251,165</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	1,469,060,044	1,486,983,246
Less: Depreciation		<u>1,466,147,558</u>	<u>1,484,784,247</u>
Net Block		2,912,486	2,198,999
<b>INVESTMENTS</b>		158,606,554	158,606,554
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	5	498,021,664	522,769,592
Cash and Bank Balances	6	82,986,841	63,984,464
Other Current Assets	7	71,882,357	37,184,535
Loans & Advances	8	<u>103,951,597</u>	<u>60,440,490</u>
		<u>756,842,459</u>	<u>684,379,081</u>
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	9	271,254,396	212,092,442
Provisions	10	<u>588,847</u>	<u>2,419,368</u>
		<u>271,843,243</u>	<u>214,511,810</u>
<b>Net Current Assets</b>		484,999,216	469,867,271
<b>Profit &amp; Loss Account</b>	2	910,661,526	934,153,410
<b>Currency Translation Reserve</b>	3	89,647,889	81,424,931
		<b>1,646,827,671</b>	<b>1,646,251,165</b>

## NOTES TO ACCOUNTS 18

The Schedules referred to above form an integral part of the Balance Sheet.

NOTE : BALANCE SHEET has been converted at the closing rate as at 31 MARCH 2011 being : USD 1 = INR 44.40 (Previous year USD 1 = INR 44.9748)

## NIIT Antilles NV

### Profit and Loss Account for the period ended 31st March 2011

	Schedule No. / (Note Reference)	Year Ended 31st March 2011 INR	Year Ended 31st March 2010 INR
<b>INCOME</b>			
Revenue from Operations	11	546,647,431	647,809,630
Other Income	12	4,971,151	18,480,956
		<b>551,618,582</b>	<b>666,290,586</b>
<b>EXPENDITURE</b>			
Personnel	13	23,610,990	13,345,723
Development, Production and Execution	14	358,530,581	353,086,095
Administration and Others	15	139,995,851	126,225,791
Selling and Marketing	16	4,202,207	5,298,788
Interest and Finance Charges	17	(720,120)	673,101
Depreciation and Amortisation	4	348,143	1,758,570
		<b>525,967,652</b>	<b>500,388,068</b>
<b>Profit before Tax</b>		<b>25,650,930</b>	<b>165,902,518</b>
<b>Tax Expense</b>			
- Current		2,159,046	4,392,608
- Deferred charge / (credit)		-	-
- Fringe Benefits Tax		-	-
- MAT Credit Entitlement		-	-
<b>Profit after Tax before</b>		<b>23,491,884</b>	<b>161,509,910</b>

#### NOTES TO ACCOUNTS

18

The Schedules referred to above form an integral part of the Profit and Loss Account.

NOTE : PROFIT & LOSS ACCOUNT has been converted using the conversion rate of exchange at the date of transaction.

**NIIT Antilles NV**

**Schedules annexed to and forming part of the Balance Sheet  
as at 31st March 2011**

<b>Schedule No.</b>		<b>As At 31st March 2011 INR</b>	<b>As At 31st March 2010 INR</b>
<b>1</b>	<b>SHARE CAPITAL</b>		
	<b>Paid-up</b>		
	Equity Shares/Common Stock (35,056,000 Shares/ Stock of US\$ 1 each) at par value of Shares	1,644,127,480	1,644,127,480
		<u><b>1,644,127,480</b></u>	<u><b>1,644,127,480</b></u>
<b>2</b>	<b>PROFIT &amp; LOSS ACCOUNT</b>		
	As per Last Balance Sheet	(934,153,410)	(1,095,663,320)
	Add : Transferred from Profit and Loss account	<u>23,491,884</u>	<u>161,509,910</u>
		<u><b>(910,661,526)</b></u>	<u><b>(934,153,410)</b></u>
<b>3</b>	<b>CURRENCY TRANSLATION RESERVE</b>		
	As per Last Balance Sheet	(81,424,931)	(31,662,161)
	Increase / (Decrease) during the year on translation of balances	<u>(8,222,958)</u>	<u>(49,762,770)</u>
		<u><b>(89,647,889)</b></u>	<u><b>(81,424,931)</b></u>

# NIIT Antilles NV

Schedule attached to and forming part of the Balance Sheet as at 31st March, 2011 (Contd.)

Figure in INR

## 4. Fixed Assets

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTIZATION				NET BLOCK	
	Cost as on 01.04.2010	Additions during the Year	Sales / A/c. during the Year	Transfer to Additions	Total as on 31.03.2011	As on 01.04.2010	Charge for the Year	Transfer to Additions	Total as on 31.03.2011	As on 31.03.2011
<b>Intangible</b>										
Plant & Machinery	208,870			(27,787)	181,083	91,744	123,351	(8,522)	206,572	206,926
Overhead										
Leased										
Furniture & Fixtures	222,870			(2,800)	220,070	22,649	32,245	(1,089)	53,805	200,321
Overhead										
Leased										
Vehicles	1,366,522	1,100,145		(42,849)	2,423,818	149,873	192,547	(6,621)	2,558,042	1,716,649
Sub Total (a)	3,797,362	1,100,145		(71,436)	4,826,071	264,266	348,143	(16,232)	5,012,142	3,213,896
<b>Intangible (Refractured Capital/Provision)</b>										
Sub Total (b)	1,484,505,084			(18,949,884)	1,465,555,200	1,484,519,981		(18,949,884)	1,465,555,200	(14,897)
<b>Software</b>										
Sub Total (c)	1,484,505,084			(18,949,884)	1,465,555,200	1,484,519,981		(18,949,884)	1,465,555,200	(14,897)
<b>Total (a+b)</b>	3,797,362	1,100,145		(71,436)	4,826,071	264,266	348,143	(16,232)	5,012,142	3,198,999

# NIIT Antilles NV

## Schedules annexed to and forming part of the Balance Sheet as at 31st March 2011

Schedule No.		As At 31st March 2011 INR	As At 31st March 2010 INR
<b>5</b>	<b>SUNDRY DEBTORS</b>		
	[Unsecured]		
	Outstanding over six months :		
	- Considered good	498,021,664	522,769,592
	- Considered doubtful	448,413,545	420,550,547
	Other debts :		
	- Considered good	-	-
	- Considered doubtful	-	-
		<u>946,435,209</u>	<u>943,320,139</u>
	Less : Provision for Doubtful Debts	448,413,545	420,550,547
		<u><b>498,021,664</b></u>	<u><b>522,769,592</b></u>

# NIIT Antilles NV

## Schedules annexed to and forming part of the Balance Sheet as at 31st March 2011

		As At 31st March 2011 INR	As At 31st March 2010 INR
<b>6 CASH AND BANK BALANCES</b>			
Balances with Banks in :			
- Current Accounts		82,986,841	63,543,506
Exchange Earners' Foreign Currency Account		-	440,958
		<u>82,986,841</u>	<u>63,984,464</u>
<b>7 OTHER CURRENT ASSETS (Unsecured, considered good)</b>			
Unbilled Revenue (Net)		71,882,357	37,184,535
		<u>71,882,357</u>	<u>37,184,535</u>
<b>8 LOANS &amp; ADVANCES (Unsecured, considered good except where otherwise stated)</b>			
Advances recoverable in cash or in kind or for value to be received			-
- Considered Good	103,182,225	59,791,431	-
- Considered Doubtful	-	-	-
	<u>103,182,225</u>	<u>59,791,431</u>	
Less : Provision for Doubtful Advances	-	103,182,225	59,791,431
	<u>-</u>	<u>-</u>	<u>-</u>
Security Deposits			
-Considered Good	666,652	649,059	
-Considered Doubtful	-	-	
	<u>666,652</u>	<u>649,059</u>	
Less : Provision for Doubtful Security Deposits	-	666,652	649,059
	<u>-</u>	<u>-</u>	<u>-</u>
Advance payment of Fringe Benefit Tax	-	-	-
Less: Provision for Fringe benefit Tax	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Advance Tax	1,404,646		
Less : Provision for Tax	(1,301,926)	102,720	
	<u>(1,301,926)</u>	<u>102,720</u>	<u>-</u>
		<u>103,951,597</u>	<u>60,440,490</u>

# NIIT Antilles NV

## Schedules annexed to and forming part of the Balance Sheet as at 31st March 2011

Schedule No.		As At 31st March 2011 INR	As At 31st March 2010 INR
9	<b>CURRENT LIABILITIES</b>		
	Sundry Creditors	268,216,169	209,312,803
	Advances from Customers	2,641,970	2,547,769
	Other Liabilities	396,257	231,870
		<u>271,254,396</u>	<u>212,092,442</u>
10	<b>PROVISIONS</b>		
	Provision for Gratuity	193,451	123,087
	Provision for Compensated Absences	395,396	242,181
	Provision for Tax	-	2,054,100
		<u>588,847</u>	<u>2,419,368</u>



**NIIT Antilles NV**

**Schedules annexed to and forming part of the Profit and Loss Account  
Year Ended 31st March 2011**

<b>Schedule No.</b>		<b>Year Ended 31st March 2011 INR</b>	<b>Year Ended 31st March 2010 INR</b>
<b>11</b>	<b>REVENUE FROM OPERATIONS</b>		
	Revenue	546,647,431	647,809,630
		<u>546,647,431</u>	<u>647,809,630</u>

## NIIT Antilles NV

Schedules annexed to and forming part of the Profit and Loss Account  
Year Ended 31st March 2011

Schedule No.		Year Ended 31st March 2011 INR	Year Ended 31st March 2010 INR
<b>12 OTHER INCOME</b>			
Gain on Exchange Fluctuation (Net)		4,971,151	18,480,956
		<u>4,971,151</u>	<u>18,480,956</u>
<b>13 PERSONNEL</b>			
Salaries and Benefits		23,254,451	13,085,067
Contribution to retirement benefit funds		157,596	134,537
Welfare and other expenses		198,943	126,119
		<u>23,610,990</u>	<u>13,345,723</u>
<b>14 DEVELOPMENT, PRODUCTION AND EXECUTION</b>			
Courseware and Manuals		216,608,270	210,294,750
Bought out Packages/Products		108,632,910	100,351,173
Course Execution Charges		30,389,607	34,500,055
Professional Charges		2,899,794	7,940,117
Others		-	-
		<u>358,530,581</u>	<u>353,086,095</u>
<b>15 ADMINISTRATION AND OTHERS</b>			
Rent (net of recoveries)		4,625,647	3,247,981
Rates and Taxes		323,578	702,051
Electricity and Water		14,534	203,860
Communication		1,722,138	1,264,140
Legal and Professional		82,786,281	73,512,189
Traveling and Conveyance		6,668,174	6,050,590
Bad debts and provision for doubtful debts	33,462,420		28,537,268
Less: Provision for doubtful debts written back	-	33,462,420	28,537,268
Insurance Premium		429,373	269,237
Repairs and Maintenance			-
- Others	296,459	296,459	370,812
Sundry Expenses		9,667,247	12,067,663
		<u>139,995,851</u>	<u>126,225,791</u>
<b>16 SELLING &amp; MARKETING</b>			
Advertisement and Publicity		3,525,849	4,069,183
Others		636,479	1,229,605
		<u>4,202,307</u>	<u>5,298,788</u>
<b>17 INTEREST AND FINANCE CHARGES</b>			
Bank, Discounting and Other Financial Charges		767,601	1,432,515
Interest Expense:			
- Fixed Loans	-	-	-
- Non Convertible Debentures	-	-	-
- Others	-	-	-
Less : Interest Received (Gross) :			
- Deposits	-	-	-
- Loans	(1,487,721)	(759,414)	-
- Others	-	-	-
	<u>(1,487,721)</u>	<u>(1,487,721)</u>	<u>(759,414)</u>
		<u>(720,120)</u>	<u>673,101</u>

## **Schedule: 17**

### **NIIT Antilles N V**

#### **Notes to Accounts for the Period ended 31<sup>st</sup> March 2011.**

The Financial Statements were authorized for issue by the Board of Directors on 29th April 2011.

### **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared on an accrual basis and under historical cost convention. The significant accounting policies adopted by the Company are detailed below.

#### **1. Summary of Significant Accounting Policies**

##### **i) Fixed Assets and Depreciation**

Fixed Assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives as follows:

<b>Description of Asset</b>	<b>Useful Life of the Asset</b>
Software (courseware and products) and Patents	3-5 Years
Vehicles	10 Years
Furniture & Fixtures	7 Years
Plant & Machinery	3-8 Years

Amortization of Software is done over the useful life of the software from the date the software was put to use.

##### **ii) Revenue Recognition**

The Company recognizes revenue on accrual basis.

The revenue generated through the sale of Education and Training activity and sale of courseware is recognized on the dispatch of material to the customer.

In respect of Software projects/Service revenue is recognized proportionately on the Completion of the agreed milestone with the customer.

Interest income is recognised on a time-proportion basis using the effective interest method.

##### **iii) Investments**

Investments made in subsidiary companies are carried at cost or their market values which ever is lower. Any diminution in the value of Investments is provided for during the financial year.

##### **iv) Financial instruments**

Financial assets and financial liabilities carried on the balance sheet include cash and bank balances, trade receivables, and trade payables

**v) Trade and other receivables**

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognized in the income statement.

**vi) Foreign Currency Transactions**

Transactions in foreign currency are booked at standard rates determined periodically and all monetary assets and liabilities in foreign currency are restated at the year-end. Gain/Loss arising out of fluctuations on identifiable to acquisition of fixed assets is charged/credited to the profit and loss account. Gain/Loss on account of exchange fluctuations identifiable to fixed assets acquired is adjusted against the carrying value of the related fixed asset.

**2. Critical Accounting Estimates**

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future.

**3. Impairment of receivables**

The Company's management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision on each of the balance sheet date.

**4. Payment to Auditors**

Particulars	2011 (INR)	2010 (INR)
Audit Fees & Other Related Fees	735,334	615,859

**5. Sundry Expenses includes:**

- i. Management Services amounting to INR 9,556,751/- (Previous Year INR 8,924,079)
- ii. Provision for Bad debt made during the year to the tune of INR 33,462,420 (Previous Year INR 28,877,481)

6. During the year company has carried out the business activities in South Africa through its branch in the South Africa. Separate books of accounts in local currency (ZAR) have been kept in respect of activities carried out by the branch and also been audited by the local auditor in compliance with the local laws. These financials statements also include financials of its South Africa branch based on the audited financial statement audited by the local auditor. Further for the purpose of translation of financial statement of branch, the branch has been considered as integral foreign operation, as it carries its business as an extension of the company.

## 7. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Amt in INR

**(a) Significant related party transactions and balances:**

Nature of Transactions	Holding Company (NIIT Limited)	Affiliates(NIIT GC Limited, Mauritius)	Affiliates(NIIT Malaysia)	Affiliates(NIIT Middle East)	Affiliates (NIIT USA Inc.)	Affiliates(NIIT Limited, UK )
	INR	INR	INR	INR	INR	INR
Purchase of Goods	135,557,923 (93,220,574)	-	-	-	-	-
Sale of Goods	947,094 (965,600)	3,627,753 (6,043,853)	1,092,669 (11,466,180)	-	-	-
Receiving of Services	87,909,170 (80,356,541)	-	-	-	-	-
Transfer of Expenses	NIL (NIL)	-	-	NIL (NIL)	-	-
Recovery of Expenses	66,562 (65,396)	-	1,912 (NIL)	-	6,829 (NIL)	-
Loans Given	-	-	-	-	85,452,500 (11,804,400)	Nil (Nil)
Loans Given Received back	-	-	-	NIL (NIL)	85,452,500 (11,804,400)	Nil (Nil)
ME Recd. On behalf of NV	-	-	-	NIL (NIL)	-	-
NV Recd. On behalf of ME	-	-	-	Nil (NIL)	-	-
Recoveries /Refund against Investment				NIL (3,137,324)		
Impairment of Investments				NIL (3,131,346)		
Interest received	-	692,405 (718,102)	-	-	795,316 (34,430)	NIL (NIL)

**(b) Balances as on 31.03.2011**

Receivables	2,815,104 (1,915,960)	42,375,069 (41,160,266)	10,807,004 (14,168,560)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Payable	121,388,867 (86,391,509)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Note:- Figure in parenthesis represents previous year's figure

8. Previous year figures have been regrouped / recast wherever necessary to conform to current year's classification.